

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

CHRISTINA L. SEALE

JANUARY 7, 2010



DOCKET NO. 2009-261-E

**Application of South Carolina Electric & Gas
Company for the Establishment and
Approval of DSM Programs and Rate Rider**

1 **Q. PLEASE DESCRIBE THE TYPES OF COSTS BOOKED IN THE DSM/EE**
2 **DEFERRED ACCOUNT DURING THE PERIOD UNDER**
3 **EXAMINATION.**

4 **A.** During the period under examination, SCE&G incurred various costs to
5 implement and operate new DSM/EE programs such as administrative and
6 general costs, overhead, legal, and consulting costs. SCE&G booked these costs
7 in the DSM/EE deferred account (Account #182.3200) entitled "REG ASSET
8 DEM SIDE MGT COSTS" ("the DSM/EE Deferred Account").

9 **Q. DID ORS CONDUCT AN EXAMINATION OF THE DEFERRED COSTS**
10 **BOOKED TO ACCOUNT #182.3200?**

11 **A.** Yes. ORS examined the Company's deferred DSM/EE expenditures
12 incurred in January 1, 2009 through October 31, 2009 of \$576,947. ORS also
13 examined the costs of \$39,141 associated with the energy database, which was
14 purchased in November 2008. These costs were traced to the books and records
15 of the Company and to supporting documentation.

16 **Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE BALANCE IN**
17 **THE DSM/EE DEFERRED ACCOUNT?**

18 **A.** Yes. ORS recommends three adjustments to the deferral account.

19 **Q. PLEASE EXPLAIN ORS'S ADJUSTMENTS.**

20 **A.** Adjustment 1 – ORS proposes to remove (\$91) in taxes. SCE&G was
21 reimbursed for an expense and failed to adjust for the tax, when reversing the
22 expense entry.

1 Adjustment 2 – ORS proposes to include consultant costs of \$5,175,
2 which were performed in August 2009 for the new DSM/EE programs. SCE&G
3 incorrectly booked these costs in a different account, instead of booking the
4 deferred costs in Account #182.3200.

5 Adjustment 3 – ORS proposes to remove costs of (\$14,616), which should
6 not have been included for ratepayer recovery.

7 **Q. BASED ON ORS’S EXAMINATION, WHAT IS THE ADJUSTED TOTAL**
8 **OF THE DSM/EE DEFERRED ACCOUNT AFTER ALL OF ORS’S**
9 **ADJUSTMENTS HAVE BEEN MADE?**

10 **A.** Based on ORS’s examination, the total of the DSM/EE Deferred Account,
11 after all of ORS’s adjustments, is \$606,556.

12 **Q. HOW IS ORS’S ADJUSTED DSM/EE DEFERRED ACCOUNT TOTAL**
13 **DIFFERENT FROM SCE&G’S DSM/EE DEFERRED ACCOUNT?**

14 **A.** ORS’s adjusted total of \$606,556 is different from SCE&G’s total of
15 \$659,735 by \$53,179. The differences between ORS’s and SCE&G’s amounts
16 are as follows:

- 17 a. Both SCE&G and ORS included the deferred cost of the energy database
18 of \$39,141, which was approved by PSC Order No. 2009-231 to be
19 included in the deferral account for consideration of recovery. SCE&G
20 also included additional deferred costs of \$150 from October 1, 2008
21 through December 31, 2008, which were not approved. ORS followed the
22 PSC Order No. 2009-231.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-261-E

IN RE:

Application of South Carolina Electric & Gas)	
Company for the Establishment and Approval)	CERTIFICATE OF
of DSM Programs and Rate Rider)	SERVICE
)	
)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **DIRECT TESTIMONY OF RANDY GUNN AND CHRISTINA L. SEALE** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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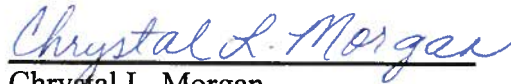
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January 7, 2010
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